MARKETBEAT

SAN FRANCISCO / NORTH BAY REGION

RETAIL Q3 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
$134,300 Median HH Income	▲	▲
-0.3% Population Growth	–	▼
4.1% Unemployment Rate	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6% GDP Growth	▼	▲
1.5% Consumer Spending Growth	▼	▲
1.0% Retail Sales Growth	▼	–

Source: BLS, BOC, Moody's Analytics
Q3 2026 data are based on latest available data.
Growth rates are year-over-year.

ECONOMY: INCOME GROWTH ACCELERATES

The economic fundamentals for the San Francisco/North Bay region have generally been improving recently, supported by robust income growth and a tighter labor market. Median household income rose 6.4% year-over-year (YOY) to $134,300. The unemployment rate declined to 4.1% from 4.4% a year earlier. However, population decline remained a persistent headwind, with the region's population falling 0.3% YOY.

SUPPLY & DEMAND: POSITIVE NET ABSORPTION

At the end of the third quarter of 2026, the San Francisco/North Bay shopping center inventory totaled 38.2 million square feet (msf). No new retail space was delivered during the quarter, while approximately 106,500 square feet (sf) remained under construction.

Leasing activity accelerated, generating 224,400 sf of positive net absorption. Year-to-date (YTD) net absorption was in the black at 44,600 sf. Five of the six counties recorded positive absorption, led by Sonoma County (91,400 sf) and San Francisco County (65,500 sf), followed by San Mateo County (31,800 sf), Marin County (23,200 sf) and Napa County (20,400 sf). Solano County was the exception posting negative absorption of 7,800 sf.

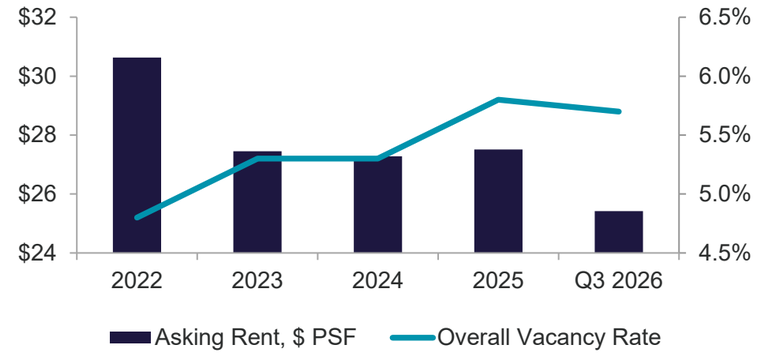
The shopping center vacancy rate fell 60 basis points (bps) from last quarter's figure to 5.7% and was down 10 bps from 5.8% one year ago. Napa County recorded the lowest vacancy at 2.6%, followed by Marin County (4.0%), San Mateo County (4.3%) and Sonoma County (5.2%). Vacancy stood at 8.6% in Solano County, while San Francisco County remained the most challenged market, with a vacancy rate of 12.1%.

According to Real Capital Analytics, 20 retail properties totaling 259,800 sf traded during the third quarter, with total investment sales reaching $177.9 million.

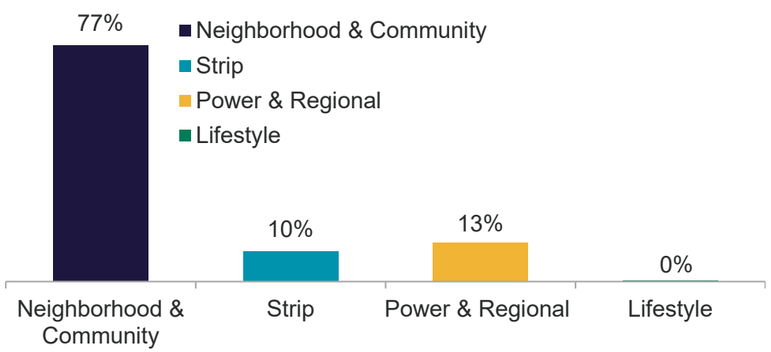
PRICING: AVERAGE ASKING RENT DECLINES

The average asking rent for the region was $25.42 per square foot (psf) on an annual triple-net basis, down 0.5% from $25.55 psf in the previous quarter. Asking rents ranged from $19.43 psf in Sonoma County to $48.68 psf in Marin County.

OVERALL VACANCY & ASKING RENT



AVAILABILITY BY PRODUCT TYPE



Source: Costar

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Marin County	5,761,309	225,752	4,500	4.0%	23,156	-18,441	0	$48.68
Napa County	2,616,851	68,927	0	2.6%	20,361	18,261	0	$38.85
Sonoma County	10,100,040	525,473	0	5.2%	91,391	75,432	0	$19.43
Solano County	8,011,593	683,520	5,857	8.6%	-7,779	-143,135	9,400	$20.14
San Francisco County	2,040,372	241,010	6,134	12.1%	65,519	34,236	0	$38.55
San Mateo County	9,645,191	411,458	5,000	4.3%	31,786	78,224	97,101	$43.75
SF / NORTH BAY REGION TOTALS	**38,175,356**	**2,156,140**	**21,491**	**5.7%**	**224,434**	**44,577**	**106,501**	**$25.42**

**Rental rates reflect Triple Net asking $PSF/Year*

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
111 Powell Street	San Francisco	Los Angeles Apparel	29,100	New Lease
48 Stockton Street	San Francisco	Crankstart	20,700	New Lease
1203 W Imola Avenue (Riverpark SC)	Napa	Harbor Freight	17,300	New Lease
1087 El Camino Real (Sequoia Station)	Redwood City	DaVita	11,900	New Lease
1091 El Camino Real (Sequoia Station)	Redwood City	ROC Party	10,600	New Lease

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
1450 Howard Avenue (Safeway)*	Burlingame	Invesco Real Estate / Sterling Organization	52,000	N/A
180 Post Street**	San Francisco	Grosvenor / Silver Gate Property II LLC	35,300	$48.5M / $1,375
515 3rd Street (United Markets)	San Rafael	Long Theresa Living Trust / Elliott Stone	24,300	$12.8M / $525
701 Laurel Street	San Carlos	Girdlestone Family Trust / Kevin Phillips	14,000	$5.4M / $386
146 Geary Street	San Francisco	Aereal Capital Corp. / Thor Equities	13,000	$20.5M / $1,582

**Part of portfolio*
***Mixed-Use*

Source: Costar, RCA

SOANY GUNAWAN
Senior Research Analyst
Tel: +1 415 658 3665
soany.gunawan@cushwake.com

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